

► **ECOPETROL SIGNS AGREEMENT TO ACQUIRE 51.4% OF ISA**

**A Transformational Step towards
a Competitive Energy Transition**

August 12, 2021





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Ecopetrol has captured a unique transformational opportunity to become the leader of the energy transition in the Americas

ENERGY TRANSITION



The leading network infrastructure player in LatAm



Transmission network will play a key role in the future; system reliability, integration of renewables



Commitment to sustainability, low emissions business



Scale vs renewable growth opportunities in Colombia

GROWTH



Successful growth track record and attractive outlook in current and new businesses (energy transition)



Scale: ISA represents 25% of both companies' (GE + ISA) combined EBITDA as of 1Q21



Growth based on historical information: EBITDA** CAGR***: 18% between 2015 - 2020



Transaction is EPS**** accretive from year one

IMPROVED RISK PROFILE



Stable and predictable cash flow generation due to regulatory nature and long-term concessions



Increased resilience to oil price volatility



Diversified platform across asset classes and geographies (lower concentration risk)



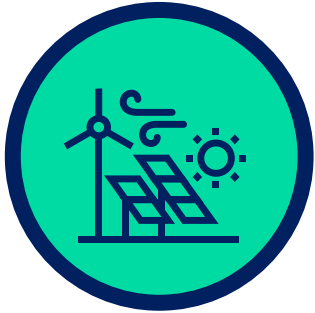
Similar characteristics to Ecopetrol Group's transportation assets (energy transmission business)



* Last twelve months numbers
** Includes non recurrent events and construction revenues
*** Compounded Annual Growth Rate
**** Earnings per Share

Transmission plays a key role in reliable renewable energy integration at scale

TRANSMISSION COMPANIES ROLE IN THE ENERGY TRANSITION



REGIONAL AND RENEWABLE INTEGRATION

- Migration towards a "cleaner" generation matrix implies a greater participation of non-conventional renewable energy plants and modifications to the current system
- Regional integration plans



ELECTRIFICATION

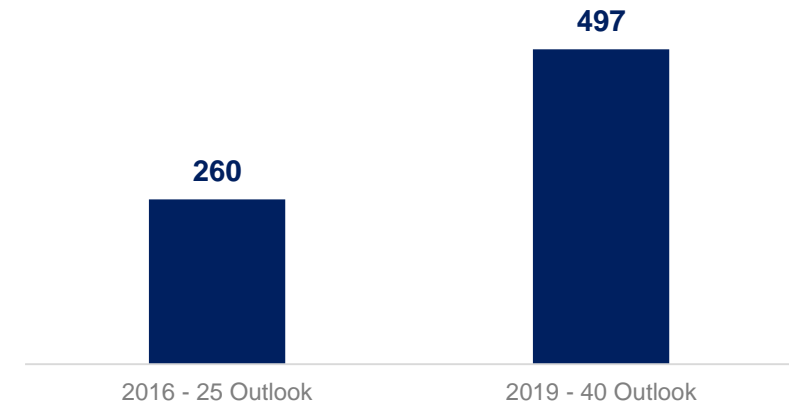
- Electrification of the economy will bring additional expansion opportunities to the transmission network
- System decentralization
- Due to aging infrastructure, higher investments in maintenance will be required



CLIMATE RISK

- Weather events significantly affect hydroelectric power generation, highlighting the need to diversify to other sources

Attractive Global Investment Outlook in T&D* (USD Bn)



Source: McKinsey & Co

- Investments in energy transmission represent:
 - Stable and predictable revenues
 - Hedge against commodity price volatility
 - Resilience to economic downturns
- Future investments in energy transmission will focus on:
 - Backbone of energy transition requiring significant investments
 - Renewal of aging infrastructure
 - Increasing levels of performance
 - Digitization and automatization

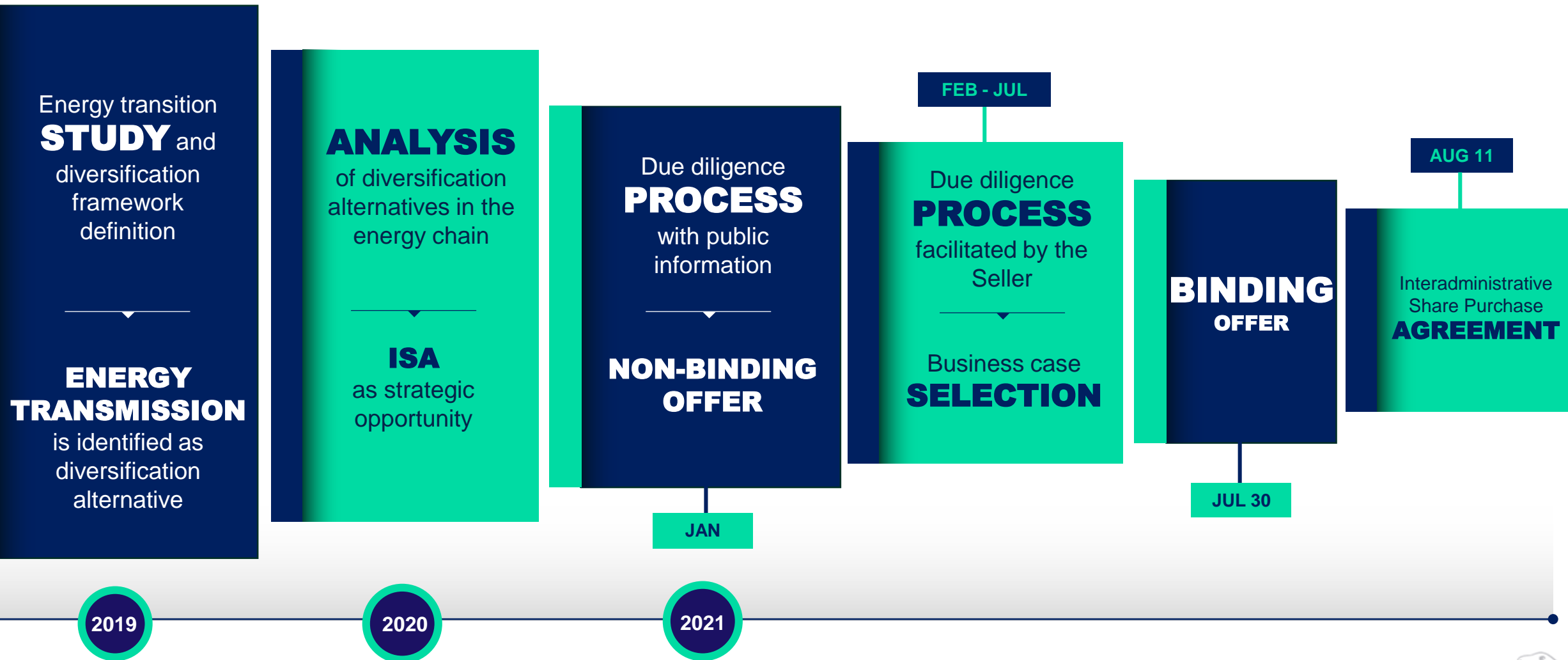
Source: McKinsey & Co

*Transmission and Distribution



Two years of rigorous analysis

conclude in the transaction that is being announced today to the market

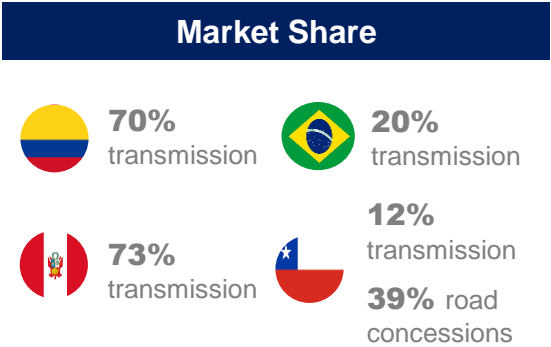


ISA provides a regional energy infrastructure platform

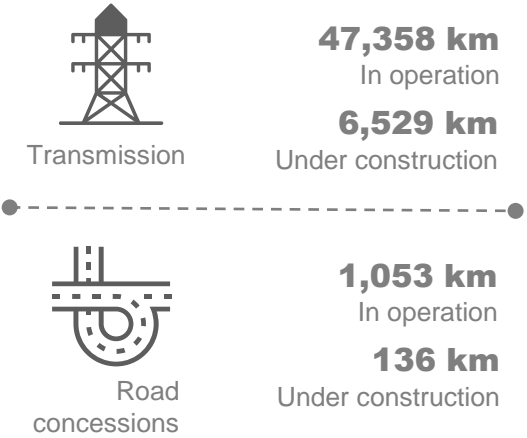
unique in scale, profitability and growth prospects



Leading company in the power **transmission** sector in Latin America



HIGHLY DIVERSIFIED REGIONAL PLATFORM



REGULATED BUSINESS,
with **stable** earnings and margins, as well as **attractive** returns on equity



TRACK RECORD
nearly **USD 1 billion** invested annually to grow the business



EXPANSION PLANS
to new geographies across the **continent**



COMMITMENT WITH SUSTAINABILITY,
integration of renewable energies and **energy transition**

65%
EBITDA
MARGIN*
March 31/2021
Last 12 months

17%
ROE
March 31/2021
Last 12 months

53%
DIVIDEND
PAYOUT
5Y Average

Source: ISA's Corporate Presentation March 2021

* EBITDA Margin excluding construction revenues is 76%

AN UNPRECEDENTED PLATFORM

LEADER IN THE REGION'S ENERGY TRANSITION



Growth Prospects

- Ecopetrol and ISA would continue investing in their core businesses
- Geographical diversification
- Decarbonization and electrification as future growth drivers
- Sustain value-added investment in the core Oil & Gas business
- ISA could leverage Ecopetrol's experience and market knowledge to access new growth opportunities

Resilient Operating Model

- Integrated energy company with a strong midstream segment
- Greater diversification and stability of earnings and cash flows
- Lower cost of capital, supported by stable and predictable long-term cash flows

Operational Efficiency

- Some synergies could be achieved through cooperation agreements between both companies
- Shared resources and knowledge
- Adoption of best practices

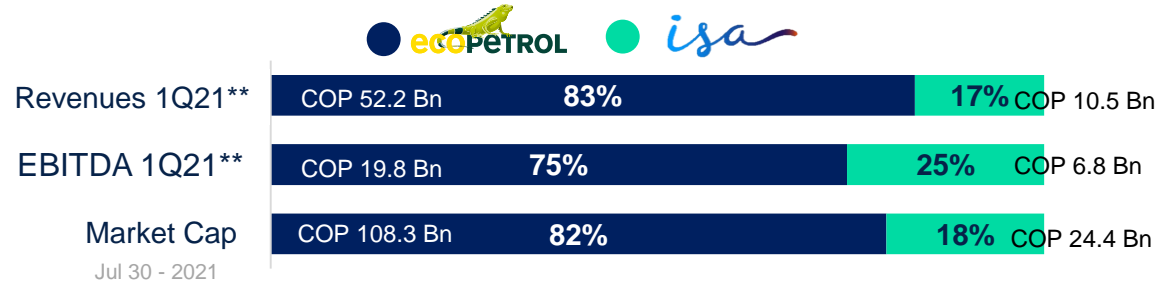
Scale and Competitiveness

- Unique opportunity unmatched in scale and access to a highly regulated and attractive business
- Combination of the two companies would create one of the largest energy infrastructure holdings in LatAm
- Joint development and financing of new investment opportunities

Ecopetrol Group strengthens its ability to generate value that meets TESG* criteria

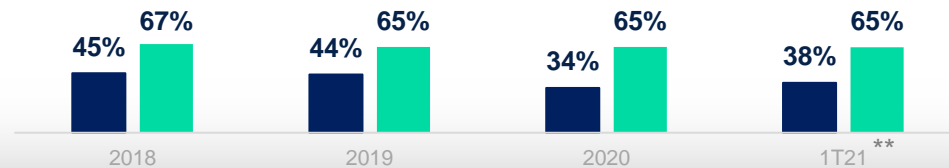
SCALE AND MATERIALITY

CONTRIBUTION ANALYSIS



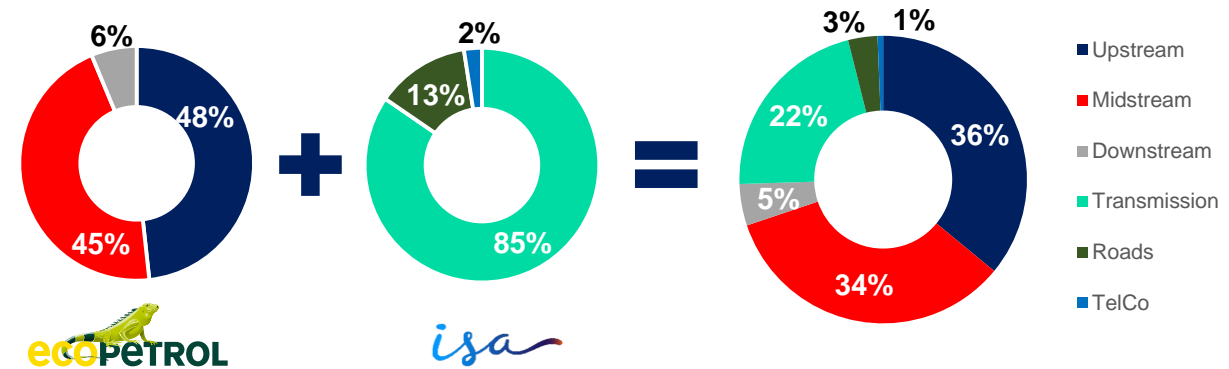
COMPETITIVE PROFITABILITY

EBITDA MARGIN



INCORPORATION OF STABLE CASH FLOWS WITHOUT REDUCING BRENT EXPOSURE

Consolidated EBITDA** by Business



LOWER CARBON REVENUES***

Emissions / EBITDA (MtCO2/Sbn)

$$\begin{array}{c}
 \text{ecopETROL} \\
 1.61
 \end{array}
 +
 \begin{array}{c}
 \text{isa} \\
 0.02
 \end{array}
 =
 \begin{array}{c}
 \text{ecopETROL isa} \\
 1.37
 \end{array}$$

Source: Based on Ecopetrol's calculations and public information.

* Technology, environment, social and governance

** Figures as of 1Q21 – 12 last months

*** Figures at the end of 2019 (Ecopetrol's 2020 EBITDA distorted by the pandemic effect).

ISA is committed to reducing greenhouse emissions

and expects to become carbon neutral in the coming years by offsetting up to 11 million tons of CO2

ISA's environmental and social program

"Conexión Jaguar" is aligned with Ecopetrol Group's commitment to contribute to sustainable value growth

Value accretive transaction to all Ecopetrol's Shareholders

PRICE DEFINITION

- The agreed price per share is **25,000 pesos**
- The total purchase price for 51.4% of ISA's shares is equivalent to COP **14,236,814 MM**
- 3 independent valuations anchored on DCF¹ methodology

Offer Value and Implied Multiple

	COP
Price per Share	\$ 25,000
Number of Shares	569,472,561
Offer Value (MM)	\$14,236,814
Equity Value (MM) - 100%	27,691,947
Enterprise Value (MM) - 100%	53,320,826
Enterprise Value / EBITDA² Multiple	7.9x

Notes:

1. Discounted cash flow
2. Last twelve months as of March 2021
3. Potential improvement in the event of higher Brent prices. Expected levels may vary depending on final potential transaction conditions and market environment in the following years. Brent assumptions: 2021: 65 USD/BI 2022 and 2023: 60 USD/BI
4. 12-month pro-forma impact

SOLID INVESTMENT CASE



Expected returns $\geq 10\%$



Pro forma EBITDA margin of 42%

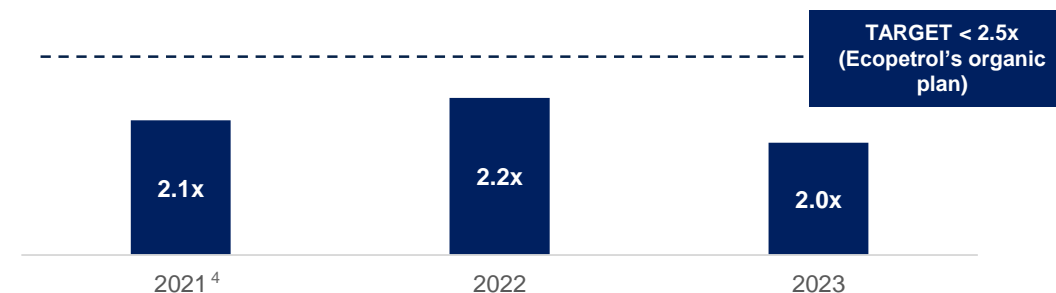
compared to 38% of Ecopetrol²



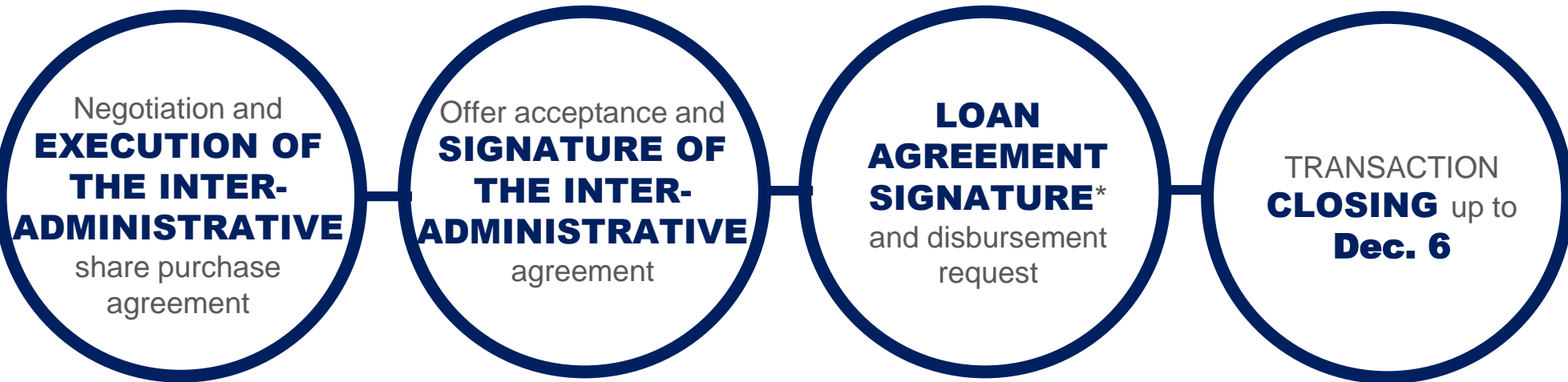
Transaction is EPS accretive

from year one

Post Transaction Projected Gross Debt/EBITDA GE + ISA³



The plan to secure the value proposition is already in motion



TRANSITION



- Ecopetrol will assume control over ISA exercising the faculties granted by the acquisition of 51.4% of the company's shares



- Ecopetrol and ISA have strong corporate governance that meet highest corporate standards



- Ecopetrol flexible and robust corporate governance framework facilitates and promotes proper corporate integration

* Bank Loan of up to 100% of the purchase price (in process for approval by Ministerio de Hacienda y Crédito Público)





► Q&A

70 años 